

EXHIBIT 1

INTRODUCTION

Respondent Guadalupe Arellano, a former member of the Gilroy City Council, was an unsuccessful candidate for Mayor of the City of Gilroy in the November 1999 election. Respondent Arellano for Mayor (the “Committee”) was the controlled committee of Respondent Arellano. Respondent Luis Ramirez served as treasurer of Respondent Committee. In this matter, Respondents failed to timely file a semi-annual campaign statement for the reporting period January 1 through June 30, 2001, by the July 31, 2001 due date.

For the purposes of this stipulation, Respondents’ violation of the Political Reform Act (the “Act”)¹ is stated as follows:

Respondents Guadalupe Arellano, Arellano for Mayor, and Luis Ramirez failed to file a semi-annual campaign statement by July 31, 2001, for the reporting period January 1 through June 30, 2001, in violation of Government Code section 84200, subdivision (a).

SUMMARY OF THE LAW

An express purpose of the Act, as set forth in section 81002, subdivision (a), is to ensure that receipts and expenditures in election campaigns be fully and truthfully disclosed, in order for voters to be fully informed and improper practices inhibited. To that end, the Act sets forth a comprehensive campaign reporting system.

Section 82013, subdivision (a) defines a “committee” as any person or combination of persons who directly or indirectly receives contributions totaling \$1,000 or more in a calendar year. This type of committee is commonly referred to as a “recipient” committee. Under section 82016, subdivision (a), a recipient committee that is controlled directly or indirectly by a candidate is a “controlled committee.”

Any person or persons who constitute a committee pursuant to section 82013, subdivision (a) is required to file periodic campaign statements disclosing contributions received and expenditures made by the committee. Section 84200 requires candidates and their controlled committees to file two semi-annual campaign statements each year. The first semi-annual campaign statement covers the reporting period January 1 to June 30, and must be filed by July 31. The second semi-annual campaign statement covers the reporting period July 1 to December 31, and must be filed by January 31 of the following year.

Under section 82007 and regulation 18404, subdivision (b), a controlled committee must

¹ The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of title 2 of the California Code of Regulations. All regulatory references are to title 2, division 6 of the California Code of Regulations, unless otherwise indicated.

continue to file periodic campaign statements until such time as that committee becomes legally terminated. Section 84214 and regulation 18404, subdivision (b) provide that the treasurer of a controlled committee may legally terminate the committee by filing a statement of termination declaring that all of the conditions for termination have been met.

Under section 84100 and regulation 18427, subdivision (a), it is the duty of a committee's treasurer to ensure that all requirements of the Act concerning the receipt and expenditure of funds, and the reporting of such funds, are complied with. A committee's treasurer may be held jointly and severally liable, along with the committee, for any reporting violations committed by the committee. (Sections 83116.5 and 91006.)

SUMMARY OF THE FACTS

Respondent Guadalupe Arellano was an unsuccessful candidate for Mayor of the City of Gilroy in the November 2, 1999 local municipal election, having also served on the Gilroy City Council from 1997 to 2001. This matter arose out of a non-filer referral from the Gilroy City Clerk's Office. In connection with the election, Respondents received contributions totaling approximately \$15,635.

After the election, Respondents had \$1,913 remaining in the campaign bank account of Respondent Committee. As a candidate and as a controlled committee, Respondents had a duty to file periodic campaign statements until Respondents filed a statement of termination declaring that Respondent Committee no longer had money remaining in the campaign bank account. However, Respondents did not timely file a semi-annual campaign statement for the reporting period January 1 through June 30, 2001, by the July 31, 2001 due date.

On December 21, 2001, the Gilroy City Clerk's Office sent a letter to Respondent Arellano notifying her that the semi-annual campaign statement had not been received. After receiving no response to the December 21, 2001 letter, on January 10, 2002, the city clerk's office sent a second letter to Respondent Arellano notifying her that the semi-annual campaign statement still had not been received. After receiving no response to the two letters, on January 25, 2002, the city clerk's office referred the matter to the Commission.

On August 22, 2002, Commission Investigator Charlie Bilyeu contacted Respondent Arellano and advised her to file the semi-annual campaign statement. On September 25, 2002, Respondents filed the late campaign statement. On the semi-annual campaign statement, Respondents disclosed an ending cash balance of \$1,843.

CONCLUSION

This matter consists of one count of violating section 84200, subdivision (a), which carries a maximum administrative penalty of Five Thousand Dollars (\$5,000).²

However, the typical stipulated administrative penalty for the violation of failing to timely file a post-election semi-annual campaign statement has ranged from \$1,500 to \$2,500 for violations occurring after January 1, 2001. In this matter, as Respondents engaged in very little financial activity during the semi-annual reporting period, imposition of an administrative penalty that is somewhat less than the normal penalty range is appropriate. Accordingly, the facts of this case justify imposition of the agreed upon penalty of \$1,000.

² On January 1, 2001, the maximum administrative penalty amount increased from Two Thousand Dollars (\$2,000) to Five Thousand Dollars (\$5,000) for violations occurring after that date.